

**Snell & Wilmer**  
LLP  
LAW OFFICES

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(602) 382-6000  
Fax: (602) 382-6070

Jeffrey W. Crockett (602) 382-6234  
Internet: jcrockett@swlaw.com



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AZ CORP COMMISSION  
DOCUMENT CONTROL

January 24, 2002

PHOENIX, ARIZONA

TUCSON, ARIZONA

IRVINE, CALIFORNIA

SALT LAKE CITY, UTAH

ORIGINAL

Arizona Corporation Commission  
**DOCKETED**

JAN 24 2002

**HAND-DELIVERED**

Ms. Nancy Cole, Supervisor  
Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

DOCKETED BY	<i>ncw</i>
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**Re: *In the Matter of the Application of Arizona Utility Supply & Services, LLC, for a Certificate of Convenience and Necessity to Provide Sewer Service to Portions of Pinal County, Arizona (Docket Nos. SW-04002A-01-0228 and WS-02987A-01-0295(Consolidated))***

Dear Nancy:

Pursuant to the Commission's Decision No. 64288 (December 28, 2001) in the above-referenced docket, enclosed for filing are the following:


1. One original and ten copies of the tariff of Arizona Utility Supply & Services, LLC.
2. Eleven copies of Arizona Utility Supply & Services, LLC's Sewer Franchise for Pinal County. The original franchise was issued March 21, 2001, and recorded with the Pinal County Recorder as No. 2001-016379. The franchise was subsequently amended on May 9, 2001, and recorded with the Pinal County Recorder as No. 2001-021507.

Ms. Nancy Cole  
Docket Control  
January 24, 2002  
Page 2

Please date-stamp the enclosed extra copy of this submittal for my file. As always, please call me if you have any questions.

Very truly yours,

SNELL & WILMER



Jeffrey W. Crockett

JWC:gdb  
cc (with enclosure): Lori Miller  
Pat Williams  
Maurice Lee

Enclosures

Crocketj\PHX\1127182.1

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## **Sewer Tariff Schedule**

### **Residential Sewer Service**

5/8"	Water Meter Service	\$30.00 per month
3/4"	Water Meter Service	\$40.00 per month
1"	Water Meter Service	\$50.00 per month

### **Commercial Sewer Service**

5/8"	Water Meter Service	\$45.00 per month
1"	Water Meter Service	\$75.00 per month
2"	Water Meter Service	\$125.00 per month

### **Effluent Sales**

Minimum of 100,000 gallons	\$175.00
Excess of 100,000 gallons	\$0.980 per 1,000 gallons
Golf Course Sales*	\$195.00 per acre-foot

### **Service Charges**

Deposit Requirements (per A.A.C. R-14-2-603(B)):

Residential Customers**	2 ½ times estimated average monthly bill
Non-Residential Customers	2 ½ times estimated maximum monthly bill
Deposit Interest	6% per annum
NSF Checks (per A.A.C. R14-2-608E):	\$25.00 each occurrence
Late Payments (per A.A.C. R14-2-608F):	1 ½ times amount tendered
Deferred Payment Plan:	1 ½ times amount deferred

\* Cost of construction of transmission lines for effluent plus pumping cost shall be the sole cost of the golf course or the recipient of the effluent.

\*\* The Company does not normally require a deposit prior to the provision of service. However, in the event a customer issue an NSF check, or if collection procedures are necessary, a deposit may be required.

---

Issued:  
December 28, 2001

Issued by:  
Maurice Lee, President  
4545 East Shea Blvd., #164  
Phoenix, Arizona 85028

Effective:  
December 28, 2001  
Decision No. 64288

**Establishment of Services**

See A.A.C. R14-2-603 and the "Application for Sewer Services" incorporated in this tariff.

**Minimum Customer Information Requirements**

See A.A.C. R14-2-604.

**Services Connections**

See A.A.C. R14-2-605.

**Collection of Main Extension Agreements**

See A.A.C. R14-2-606.

**Provision of Service**

See A.A.C. R14-2-607.

**Billing and Collections**

See A.A.C. R14-2-608.

**Termination of service**

See A.A.C. R14-2-609.

**Administrative and Hearing Requirements**

See A.A.C. R14-2-610.

**Service Subject to Regulations**

Arizona Utility Supply & Services provides wastewater service using treatment and collection facilities which are regulated pursuant to Federal, State and local regulations (the "Regulations"). Those Regulations include limitations regarding the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the treatment plant.

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Phoenix, Arizona 85028

Effective:  
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**Waste Limitations**

Arizona Utility Supply & Services shall have the authority to establish permissible limits of concentration for specific substances, materials, waters, or wastes that can be accepted into the sanitary sewer system, and to specify those substances, materials, waters or wastes that are prohibited from entering the sanitary sewer system. Each permissible limit so established shall be placed on file in the business office of the Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, stormwater, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or unpolluted industrial process waters into the sanitary sewer.

**Recovery of Cost**

Arizona Utility Supply & Services shall have the authority and right to recover the cost of clean up and/or correction of any violations of the "Services Subject to Regulations" and "Waste Limitations" provisions of this tariff from the person(s) and company(ies) violating these provisions. The Company shall also have the authority and the right to recover the costs of repair to the sanitary sewer system should any person(s) or company(ies) violate the provisions of this tariff whether the damage be accidental or malicious. Cost of repair include legal, investigative, and collection costs.

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Decision No. 64288

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**APPLICATION  
FOR  
SEWER SERVICES**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Lot Number: \_\_\_\_\_

This application applies to all new requests for sewer service from Arizona Utility Supply & Services (the "Company") for the address shown above. I/We agree to pay the applicable rates for sewer service as contained in this tariff, as modified from time to time with the consent of the Arizona Corporation Commission. I/We agree to pay all charges and fees due the Company on a timely basis before the next billing cycle. A late fee of \$15 per month will apply to any bill not paid before the billing for the proceeding month. Fees are to be paid in advance for the proceeding month.

In the event any undisputed billings remain outstanding for 90 days, the customer authorizes the Company to place a lien on the customer's property, and the customer agrees to pay for all costs of collecting the past due amount, including reasonable attorney fees. Delinquent payments for services will result in a requirement that the customer provide a security deposit equal to two and one half (2½) times the customer's average monthly bill.

I/We have received a copy of the Sewer Tariff Schedule as approved by the Arizona Corporation Commission as well as a copy of the State of Arizona Administrative Code R14-2-601 et seq. as it applies to sewer service provided by the Company.

\_\_\_\_\_  
Applicant Date

\_\_\_\_\_  
Applicant Date

---

Issued:  
December 28, 2001

Issued by:  
Maurice Lee, President  
4545 East Shea Blvd., #164  
Phoenix, Arizona 85028

Effective:  
December 28, 2001  
Decision No. 64288

8  
w/c

When recorded mail to:

Pinal County Board of Supervisors  
P.O. Box 827  
Florence, Arizona 85232



OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER  
LAURA DEAN-LITTLE

DATE: 05/14/01 TIME: 1614  
FEE : 0.00  
PAGES: 8  
FEE NO: 2001-021507

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(The above space reserved for recording information)

**CAPTION HEADING**

Expansion of a sewer franchise from Arizona Utility Supply & Services, LLC.  
Original recorded franchise: 2001-016379.

---

**Expansion and Amendment Of The Arizona Utility Supply & Services, LLC Sewer Franchise**

**WHEREAS**, Arizona Utility Supply & Services, LLC had received a Sewer franchise from Pinal County to establish and maintain Sewer services on Arizona Utility Supply & Services, LLC, see document number orig. Recorder# in the Office of the Pinal County Recorder (hereinafter "Original Franchise").

**WHEREAS**, Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining Sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

**WHEREAS**, upon filing of Arizona Utility Supply & Services, LLC's application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 a.m. on May 9<sup>th</sup>, 2001, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

**WHEREAS**, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 a.m. on May 9<sup>th</sup>, 2001; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade-Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder & Blade-Tribune published on April 19<sup>th</sup>, April 26<sup>th</sup>, and May 3<sup>rd</sup>, 2001; and the matter being called for hearing at 9:30 a.m., and an opportunity having been given to all interested parties to be heard.

**WHEREAS**, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

**NOW, THEREFORE,**

**Section 1: DEFINITIONS**



The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, its successors and assigns
- E. Grantee's Facilities: Sewer lines and related appurtenances

## **Section 2: GRANT**

Grantor, on May 9<sup>th</sup>, 2001, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "First Amended Amended Franchise") for the purpose of constructing, operating and maintaining Sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

## **Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE**

The First Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this First Amended Franchise is accepted by County. This First Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

## **Section 4: LIMITS ON GRANTEE'S RECOURSE**

A. Grantee by its acceptance of the First Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the First Amended Franchise accepts the validity of the terms and conditions of the First Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the First Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the First Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the First Amended Franchise not expressed therein. Grantee by its acceptance of the First Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the First Amended Franchise.

C. Grantee by its acceptance of the First Amended Franchise further acknowledges that it has carefully read the terms and conditions of the First Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the First Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the First Amended Franchise shall be final.

### **Section 5: SEVERABILITY**

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the First Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the First Amended Franchise, all of which will remain in full force and effect for the term of the First Amended Franchise or any renewal or renewals thereof.

### **Section 6: NOTICE**

Notices required under the First Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors  
P.O. Box 827  
31 N. Pinal  
Florence, Arizona 85232

Grantee:


Arizona Utility Supply & Services, LLC  
3420 E. Shea Blvd., Ste. 213  
Phoenix, Arizona 85050

First Amended  
Arizona Utility Supply & Services, LLC Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on May 9<sup>th</sup>, 2001.

PINAL COUNTY BOARD OF SUPERVISORS



Jimmie B. Kerr  
Jimmie B. Kerr, Chairman

ATTEST:

Stanley D. Griffis, Clerk of the Board  
Stanley D. Griffis, Clerk of the Board

APPROVED AS TO FORM:

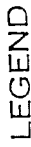
ROBERT CARTER OLSON  
PINAL COUNTY ATTORNEY

Rick Husk  
Rick Husk, Deputy County Attorney

# MASTER SEWER PLAN



ARIZONA UTILITY SUPPLY & SERVICES, LLC  
MASTER SEWER PLAN



GRAPHIC SCALE

A PORTION OF TOWNSHIP 2 SOUTH,  
RANGE 8 EAST OF THE GILA AND  
SALT RIVER BASE AND MERIDIAN,  
PINAL COUNTY, ARIZONA.

## **Exhibit B**

### **SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE**

To: Board of Supervisors Pinal County, Arizona

Grantee, Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, does hereby accept the May 9<sup>th</sup>, 2001 grant of an First Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain Sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the First Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said First Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said First Amended Franchise recited to have been or to be made by Grantee.

AZ Utility First E&A

8  
w/c

When recorded mail to:

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P.O. Box 827  
Florence, Arizona 85232



OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER  
LAURA DEAN-LYILE

DATE: 05/14/01 TIME: 1614  
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Grantee:

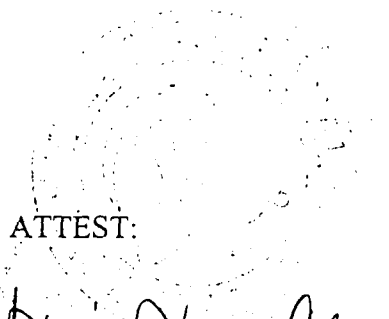
Arizona Utility Supply & Services, LLC  
3420 E. Shea Blvd., Ste. 213  
Phoenix, Arizona 85050

First Amended  
Arizona Utility Supply & Services, LLC Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on May 9<sup>th</sup>, 2001.

PINAL COUNTY BOARD OF SUPERVISORS

  
Jimmie B. Kerr  
Jimmie B. Kerr, Chairman

ATTEST:

By: Sheri Cluff, Deputy Clerk  
Stanley D. Griffis, Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON  
PINAL COUNTY ATTORNEY

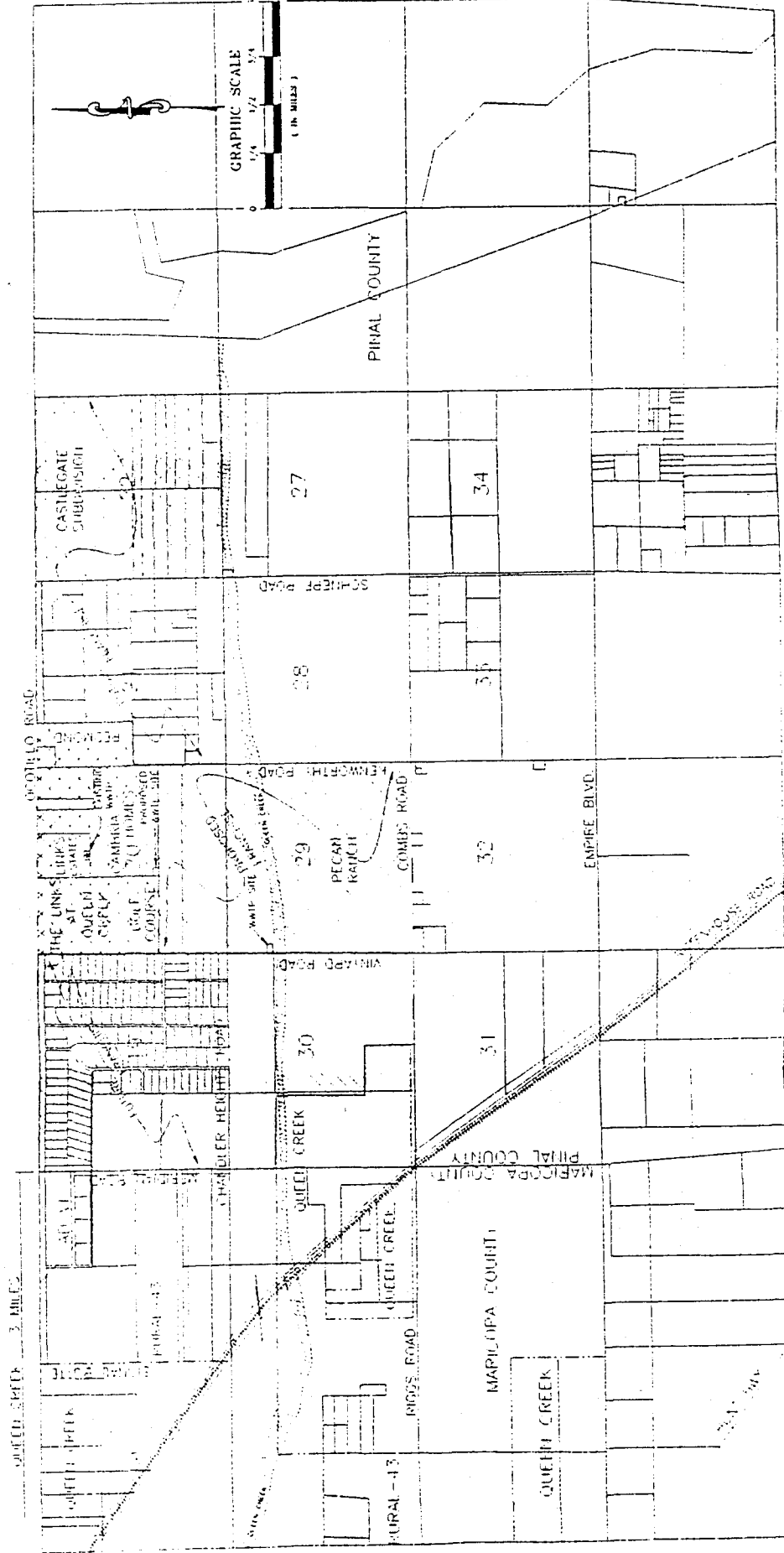
Rick Husk  
Rick Husk, Deputy County Attorney

# EXHIBIT 'A'

## 1 OF 2

# ARIZONA UTILITY SUPPLY & SERVICES, LLC

## MASTER SEWER PLAN



### LEGEND

- [Symbol] EXISTING FACILITIES (WITH REQUEST LETTERS)
- [Symbol] PECAN RAPIDS (PROPOSED) FRANCHISE HEARING (2011, 01)
- [Symbol] PROPOSED FACILITIES (WITH REQUEST LETTERS)
- [Symbol] PROPOSED FACILITIES

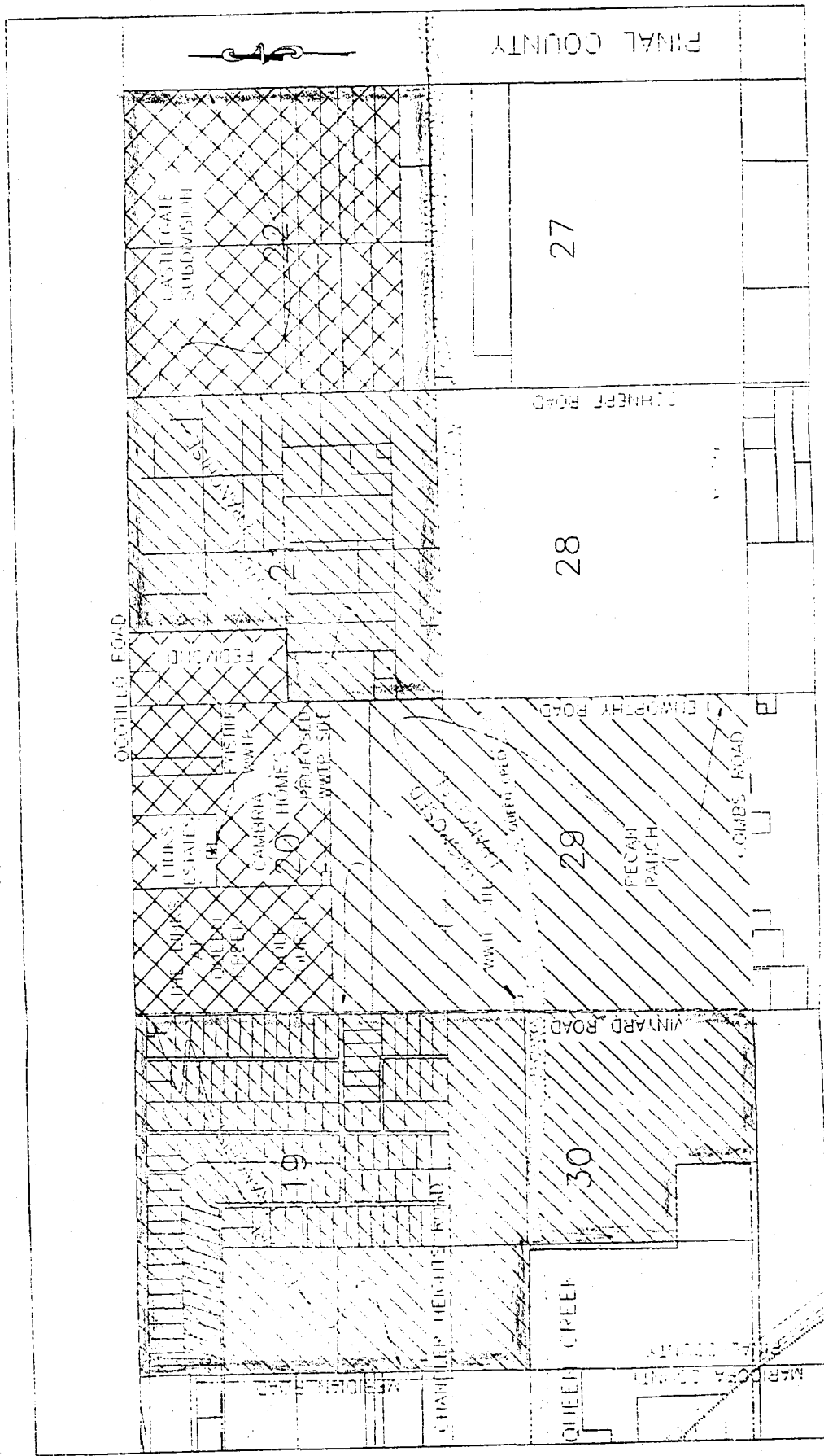
A PORTION OF TOWNSHIP 2 SOUTH,  
RANGE 8 EAST OF THE GILA AND  
SALT RIVER BASE AND MERIDIAN,  
PINAL COUNTY, ARIZONA.

# EXHIBIT 'A'

2 OF 2

## ARIZONA UTILITY SUPPLY & SERVICES, LLC

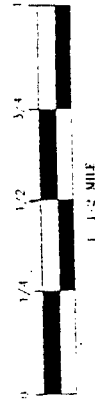
### MASTER SEWER PLAN



#### LEGEND

- [Hatched Box] EXISTING FRANCHISE (WITH REQUEST LETTERS)
- [Dashed Box] PECAN PATCH (PROPOSED FRANCHISE HEARING 3-21-01)
- [Dotted Box] PROPOSED FRANCHISE (WITH REQUEST LETTERS)
- [Solid Box] PROPOSED FRANCHISE

#### GRAPHIC SCALE



A PORTION OF TOWNSHIP 2 SOUTH,  
RANGE 8 EAST OF THE GILA AND  
SALT RIVER BASE AND MERIDIAN,  
PINAL COUNTY, ARIZONA.

## Exhibit B

### SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, does hereby accept the May 9<sup>th</sup>, 2001 grant of an First Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain Sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the First Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said First Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said First Amended Franchise recited to have been or to be made by Grantee.

AZ Utility First E&A

(13)

When recorded mail to:

Pinal County Board of Supervisors  
P.O. Box 827  
Florence, Arizona 85232



OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER  
LAURA DEAN-LYTLE

DATE: 04/16/01 TIME: 1434  
FEE : 0.00  
PAGES: 13  
FEE NO: 2001-016379

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(The above space reserved for recording information)

CAPTION HEADING

Arizona Utility Supply & Services, LLC Sewer Franchise

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Post-it® Fax Note 7671		Date 5/11	# of pages 13
To Marlene Lee		From Gary Medina	
Co./Dept.		Co. Pinal County	
Phone #		Phone # 868-6226	
Fax # 602-564-5536		Fax #	

**Creation Of The Arizona Utility Supply & Services, LLC Sanitary Sewer Franchise**

**WHEREAS**, Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a new public utility franchise for the purpose of constructing, operating and maintaining a sewer system and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in the Public Notice of the creation hearing attached hereto as Exhibit "A."

**WHEREAS**, upon Arizona Utility Supply & Services, LLC's filing of an application for the public utility franchise (hereinafter "Application"), the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the public utility franchise to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 9:30 a.m. on Wednesday, February 14, 2001, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

**WHEREAS**, said Application having come on regularly for hearing at 9:30 a.m. on Wednesday, February 14, 2001; and it appearing from the affidavit of the publisher of the Florence Reminder and Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade Tribune on January 25, 2001; February 1, 2001; and February 8, 2001; and the matter being called for hearing at 9:30 a.m. on February 14, 2001, and March 21, 2001, and an opportunity having been given to all interested parties to be heard.

**WHEREAS**, the Board of Supervisors of Pinal County has the power to create a sewer franchise under its general police powers in such matters.

**NOW, THEREFORE,**

**Section 1: DEFINITIONS**

The following terms used in this Franchise shall have the following meanings:

A. County: Pinal County, Arizona

Arizona Utility Supply & Services, LLC Sanitary Sewer Franchise Sewer Franchise



- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, its successors and assigns
- E. Grantee's Facilities: Sewer system and related appurtenances

## Section 2: GRANT

A. Grantor, on March 21, 2001, hereby grants to Grantee, for a period of 25 years, this new public utility franchise (hereinafter "Franchise") for the purpose of constructing, operating and maintaining a sewer system and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

### B. Nonexclusive Franchise.

(1) The Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing a sewer system, or improvements to its public highways, streets and alleys, and for that purpose, to require the Grantee at Grantee's own expense to remove Grantee's facilities to conform thereto and facilitate the same.

### C. Reservation of Rights.

(1) County reserves the right to alter and amend the Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after due notice to grantee, to modify, amend, alter, change or eliminate any of the provisions of the Franchise which may become obsolete or impractical; and to impose such additional conditions upon the grantee as may be just and

reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after a public hearing, if such is legally required or requested by grantee.

### **Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM**

A. The Franchise herein granted shall expire on February 14, 2026; and upon its termination, Grantee shall cease to exercise under the terms of the Franchise the privileges herein granted. In the event Grantee desires a renewal of the Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months before the expiration of the Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Franchise the grantee shall remove its facilities from the streets, alleys, ways, highways and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six months of such termination, County may deem any property not removed as having been abandoned.

### **Section 4: REGULATION**

Grantee, its successors and assigns shall be subject to reasonable regulations for the maintenance by grantee, its successors and assigns, of such portion of the public streets, alleys and highways altered, damaged or destroyed by Grantee, its agents or employees in exercising the privileges granted by the Franchise.

### **Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS**

A. Prior to the beginning of any construction for installation of the sewer system and related appurtenances, the Grantee, its successors and assigns will submit a plan of proposed construction to the Pinal County Engineer and will not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee under the Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Franchise shall be commenced until written permits have been obtained from the proper county officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures in the highways or streets and for the proper restoration of such highways, streets and structures, and for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Franchise by grantee shall impose upon County the duty to maintain any public street, alley or highway unless County accepts said public street, alley or highway into the county maintenance system as provided by law.

**Section 6: INSPECTION**

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's facilities to insure the proper performance of the terms of the Franchise granted herein.

**Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE**

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained so as not to interfere with the use and enjoyment of the public streets, alleys and highways. All of Grantee's Facilities erected by Grantee shall be maintained in a safe, suitable, substantial condition and in good order and repair.

**Section 8: EXPANSION**

Grantee will, from time to time, during the term of the Franchise make such enlargements and extensions of its water system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area; provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with company rules and regulations.

**Section 9: RELOCATION**

A. During the term of the Franchise whenever County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public streets, alleys and highways in the Franchise Area during the term of the Franchise, then and in such event, Grantee, its successors or assigns, at its own expense, shall promptly, upon reasonable notice, make such changes in the location, structure or alignment of its water lines and related appurtenances as the public officials in charge of such work may deem necessary.

B. After thirty (30) days notice to Grantee, of needed changes or corrections and upon the failure of Grantee, to make such changes set forth in Section 9(A) above or to correct any damage to the right-of-way of any public street, alley or highway within the Franchise Area caused directly or indirectly by Grantee, its agents, successors or assigns, County or its successors shall have the right to make such changes or corrections at the expense of said Grantee, its successors or assigns, and such expenses shall be due and payable upon written demand by County or its successors to Grantee, its successors or assigns.

**Section 10: LIABILITY**

A. If any streets, highways, alleys, ways, bridges, sidewalks, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its employees, contractors, subcontractors or agents in the construction, installation, operation and maintenance of Grantee's Facilities under the Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as soon as practicable and in as good condition as before Grantee's entry and to the satisfaction of County. If Grantee fails to make such restoration and repairs within a reasonable time as determined by County, then County may fix a reasonable

time for such restoration and repairs and shall notify Grantee in writing of the restoration and repairs required and the time fixed for the performance thereof. Upon failure of Grantee to comply within the time specified, County may cause proper restoration and repairs to be made, and the expense of such work shall be paid by Grantee upon demand by County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its employees, contractors, subcontractors or agents arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Franchise that County shall not and does not by reason of the Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

### **Section 11: INDEMNIFICATION**

Grantee by its acceptance of the Franchise agrees for itself, its successors and assigns that throughout the entire term of this franchise, Grantee, its successors and assigns, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County, its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused by the construction, design, installation, operation or maintenance of the sewer system or related appurtenances by Grantee within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

### **Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE**

The Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Franchise is accepted by County. This Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

### **Section 13: LIMITS ON GRANTEE'S RECOURSE**

A. Grantee by its acceptance of the Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Franchise accepts the validity of the terms and conditions of the Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Franchise not expressed therein. Grantee by its acceptance of the

Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Franchise.

C. Grantee by its acceptance of the Franchise further acknowledges that it has carefully read the terms and conditions of the Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. The Board's decision concerning its selection and awarding of the Franchise shall be final.

#### **Section 14: FAILURE TO ENFORCE FRANCHISE**

Grantee shall not be excused from complying with any of the terms and conditions of the Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

#### **Section 15: COMPLIANCE WITH THE LAW**

Grantee shall at all times, conduct its business under the Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

#### **Section 16: INTERPRETATION/GOVERNING LAW**

The interpretation and performance of the Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

#### **Section 17: VENUE -**

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona..

#### **Section 18: SEVERABILITY**

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Franchise, all of which will remain in full force and effect for the term of the Franchise or any renewal or renewals thereof.

#### **Section 19: FORFEITURE**

A. If Grantee fails to comply with any of the provisions of this agreement or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time, complete the correction of such default or noncompliance, County shall have the right to revoke this

agreement and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Franchise, where such seizure is not discharged within thirty (30) days, County may declare the Franchise, along with the Original Franchise, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

#### **Section 20: REVOCATION OF FRANCHISE**

The Franchise may after due notice and hearing, be revoked by County for any of the following reasons:

- A. For false or misleading statements in, or material omissions from the application for and the hearing on the granting of the Franchise.
- B. For any transfer or assignment of the Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Franchise.

#### **Section 21: ASSIGNMENT/TRANSFER**

Grantee shall not assign or transfer any interest in the Franchise without the prior written consent of County. Said Board shall not unreasonably withhold its consent to a proposed transfer.

#### **Section 22: NOTICE**

Notices required under the Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors  
P.O. Box 827  
31 N. Pinal Street  
Florence, Arizona 85232

Grantee:

Arizona Utility Supply & Services, LLC  
4002 E. Taro Lane  
Phoenix, Arizona 85050

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

### **Section 23: REMEDIES**

Rights and remedies reserved to the parties by the Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Franchise and a waiver thereof at any time shall not affect any other time.

### **Section 24: RIGHT OF INTERVENTION**

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Franchise.

### **Section 25: BOOKS AND RECORDS**


Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee will make such books and records available to County upon County's request and without cost to County.

### **Section 26: AD VALOREM TAXES**

Grantee shall pay its ad valorem taxes before they become delinquent.

**IN WITNESS WHEREOF**, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on **Actual date of hearing**.

## PINAL COUNTY BOARD OF SUPERVISORS



Jimmie B. Kerr  
Jimmie B. Kerr, Chairman

3-21-01

ATTEST

Stanley D. Griffis, Deputy Clerk  
Stanley D. Griffis, Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON  
PINAL COUNTY ATTORNEY

Richard Husk  
Richard Husk, Deputy County Attorney



Exhibit A  
Page 1 of 2

**Arizona Utility Supply & Services, LLC**

4002 E. Taro Ln. Phoenix, AZ 85050  
(602) 569-3190 FAX (602) 569-3536  
888-921-5577

December 12, 2000

Mr. Gary Medina,  
Director of Special Services  
Pinal County Board of Supervisors  
P.O. Box 827  
Florence, Arizona 85232

RE: Sanitary Sewer Franchise

Mr. Gary Medina  
Pinal County Board of Supervisors

May this letter serve as an application to The Pinal County Board of Supervisors to obtain a sanitary sewer franchise over the following described property:

All of Section 20, all of Section 29, and the <sup>west</sup> east one half of the north one half of Section 21 of Township 2 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona

Enclosed as well is the \$200 filing fee. Please advise if there is additional information that is needed to set this matter before your Board for hearing and granting this franchise.

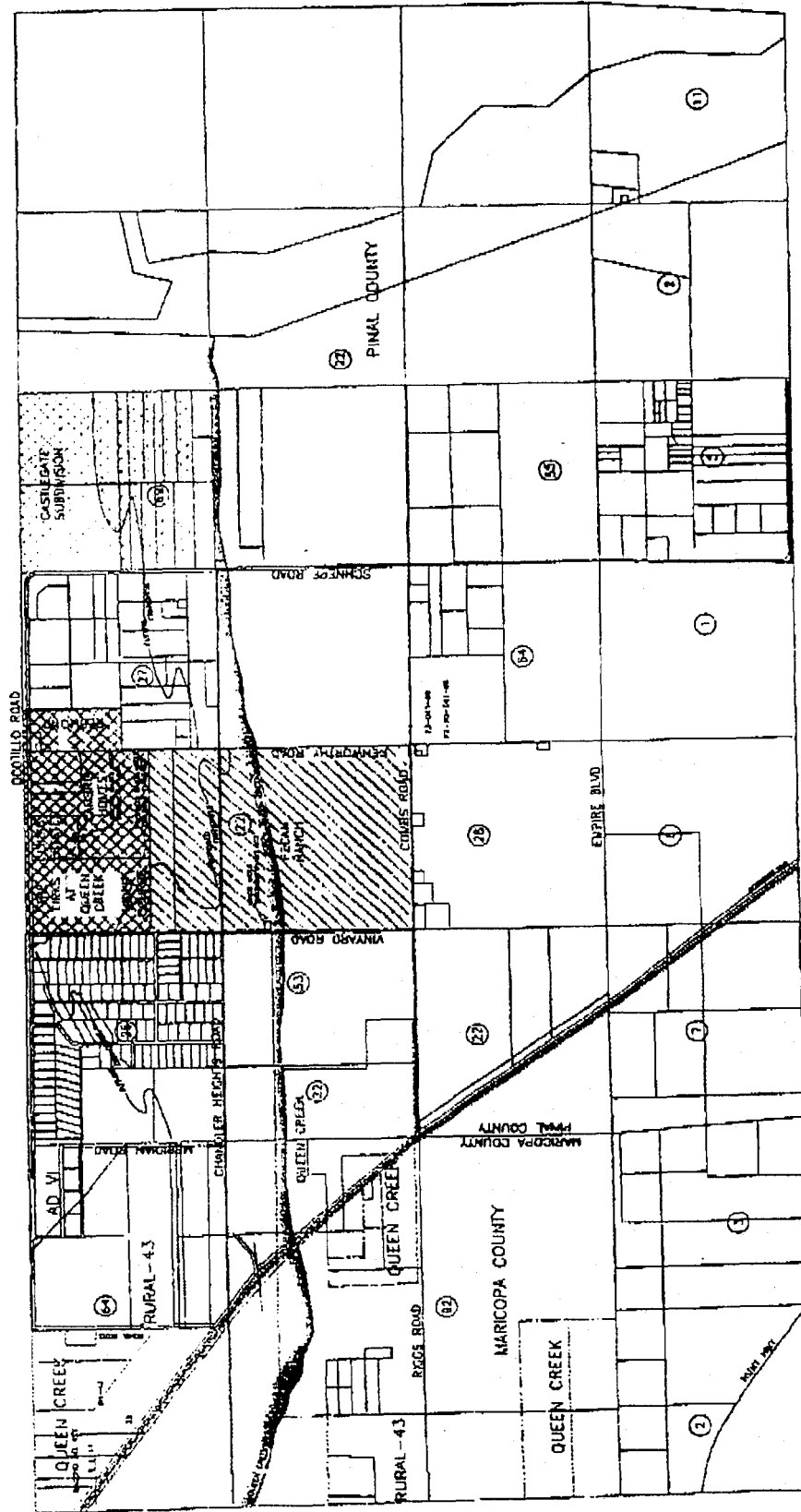
Very truly yours,  
Arizona Utility Supply & Services, LLC

  
Maurice Lee  
Manager/Member

Encl. - Maps

Exhibit A  
Page 2 of 2

# ARIZONA UTILITY SUPPLY & SERVICES, LLC MASTER SEWER PLAN



**Exhibit B****SAMPLE ACCEPTANCE OF SEWER FRANCHISE**

To: Board of Supervisors Pinal County, Arizona

Grantee, Arizona Utility Supply & Services, LLC, a(n) Arizona corporation, does hereby accept the \_\_\_\_\_ grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain a sewer system and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Franchise recited to have been or to be made by Grantee.

1:\attycivil\Franchise\A2 Utility Sewer Franchise

**Exhibit B****SAMPLE ACCEPTANCE OF SEWER FRANCHISE**

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Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

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1:\attycivil\Franchise\A1 Utility Sewer Franchise